

**EXHIBIT A**  
**ORCLRST00639707**  
**(Relevant Portions Highlighted)**

# CIOs and ERP Application Leaders Can Exploit the Impact of Differences in Third-Party Application Maintenance and Support Providers

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Opportunities exist to significantly reduce application maintenance and support costs in IT budgets for some ERP software. Application leaders must carefully investigate key impacts when selecting third-party application maintenance and support providers; we identify the critical differences here.

## Impacts

- Differences in the service providers' portfolios will require IT organizations to consider short- and long-term needs.
- Product coverage, capability and delivery methodology variations will require IT organizations to conduct detailed service provider reviews.
- Software publisher litigation against select application maintenance service providers will require IT organizations to perform assessments of additional risks.

## Recommendations

- To avoid risks, third-party application maintenance and support is most viable when the ERP environment is at a stable production state, no near-term upgrade is required to enable new product functionality in support of the business, and the vertical stack can be restricted to a set of compatible versions. ERP changes and expansions can be made, but their impact should be well-planned and managed.
- To assure a successful strategy, develop a long-term technology product and service plan and manage it. Develop contingency plans for alternative service providers. Evaluate service vendors based on coverage and capabilities to support your specific ERP footprint (for example, products, versions, industry).

- To mitigate risks, scrutinize vendor documentation and software/service agreements with legal counsel to ensure compliance with IP protection requirements. Ensure that software contract language does not interfere with your right to use third parties for support services.

## Analysis

### Third-Party Application Maintenance and Support Services

This Impact Appraisal deals with the capabilities of service providers that deliver application maintenance and support services. Understanding the differences and nuances of service providers in this market is essential for IT executives and ERP application leaders to drive a rigorous selection process and assure a successful transition to and from third-party application maintenance and support.

#### Definition

Third-party providers include authorized channel partners of the software publisher and independent service providers not aligned with the software publisher. In most instances, the packaged software product market does not enable third-party service providers to offer alternatives to product maintenance and support from software publishers. Third-party application maintenance and support services refer to services that maintain, customize, modify and provide technical support for the application within the means provisioned by the software publisher (such as tools or open code). Application maintenance (such as break/fix changes and regulatory updates) and support can be done by the software provider, customer or other service providers contracted by the customer themselves. However, software product maintenance, such as new versions, new functionality and/or new security or other changes contained in any proprietary nondelivered code can be provided only by the software publisher.

#### Types of Service Providers

Many providers, including application service providers, have experience with deploying application software, and also provide technical support services. However, when neither they nor the customer has the application product's source code and/or compiler, they are not able to provide maintenance changes to the product software. Because most software providers bundle maintenance and support (Microsoft is the exception), there is no cost savings for customers to contract a third party for just application technical support.

The exception in the software product market is mainly for packaged business applications, more specifically, primarily ERP and notably from Oracle and SAP. While some ERP products are delivered with tools or APIs that allow the customer to modify portions of the product (for example, Oracle's PeopleSoft and PeopleCode), others (such as Oracle JD Edwards and SAP's ERP) have visible code that can be modified by customers or their delegates, such as an application service or third-party maintenance provider. Additionally, ERP products require the capability to update the application to accommodate ever-changing legal and regulatory policies, for example, the annual tax code changes from most governments around the world. The software publishers typically



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provide regulatory and legal updates as a part of the regular stream of product maintenance during the mainstream and extended maintenance phases of the vendor's support policy for the product. In addition, most ERP products have functionality that enables customers to apply regulatory updates or contract a service provider to apply changes for them.

Application service providers such as Accenture, Cognizant, IBM and Wipro are generally capable of providing application maintenance and support service but never do so as a replacement for software publisher product maintenance. Service providers such as Rimini Street and Spinnaker provide similar services and also specialize in providing regulatory and legal updates for specific ERP platforms. However, there are some significant differences between general application service providers and specialty service providers. This space has seen significant change in recent years. Service providers, such as TomorrowNow, exited the market, Cedar Crestone is choosing to change its service portfolio, and NetCustomer appears to have faded away. This is significant, because there are fewer than a dozen players in the market engaged in delivery of these specific services.

### Enabling Factors and Customer Needs

Two factors enable a unique market for third-party application maintenance and support services in the ERP software market. The first is the capability in ERP software for the customer or others to apply customizations, break/fix changes and changes required for regulatory compliance. The second and driving factor, which is necessary consideration for buyers here, is the desire for an extended life cycle for ERP software. For many reasons, customers desire to operate these environments beyond the application vendor's combined period of mainstream and extended support. Customers want to leverage the large investment they have already made in their ERP. Bottom line, this is a long-term investment in the "as is" state of the application! The ERP environment is one of the most complex software applications (due to the scope of the product, customization and integration with other products), and just performing technical updates is a time-consuming and expensive process.

In reality, the vendor's annual maintenance and support fee begins to represent a large expenditure in the IT budget. Customers that are exploring alternative support options frequently tell us that they see little gain or expanded value to the business for continuing on a course of vendor-provided maintenance and support.<sup>1</sup> This is especially true when the applications are primarily a system of record (see "Use Pace-Layered Application Strategy Governance Principles to Avoid ERP Upgrade Shock"). This is also true when the application release has been deployed for a long period, and enhancements are no longer being offered by the vendor. As a result, customers make a strategic decision to leverage the investment they have already made and to run the solution on an older product version for a bounded amount of time dependent on their long-term technical plan. These factors have spawned a need for service providers that can deliver application maintenance and support services.

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## Benefits

The average selling price for third-party application maintenance and support services that deliver break/fix changes and a stream of regulatory update is typically 50% of what the software vendor charges for product maintenance and support services.<sup>2</sup> The lure of this cost reduction comes with an obligation that the customer must understand the capabilities of service providers and the best practices of using third-party application maintenance. Customers need to consider that what they are not paying for and no longer receive are future product updates and rights to future versions beyond versions currently available as of the date they leave vendor support.

## What to Do Before Entering Into Third-Party Application Maintenance and Support Agreements

Before leaving the software vendor's product maintenance and support and switching to third-party application maintenance and support, important prerequisites must be accounted for and acted on:

- The application environment should be in a stable production state and with no major migrations or expanded scope of software deployment planned for the duration of a third-party agreement (for example, deploying additional modules or implementing products in other parts of the organization or additional countries).
- Business users will not require functionality enhancements that cannot be met using the configuration capabilities, available product updates and tools provided with the current version of the system. Once the vendor's maintenance and support contract has been terminated, the organization will not be entitled to future product releases, new security or other changes contained in any proprietary nondelivered code or new features or functionality.
- The vertical application stack (ERP product, database, other directly integrated or interfaced software) should be locked down and kept within a consistent set of compatible versions. No major changes, such as an operating system upgrade, should be introduced.
- The responsibility for downloading updates, upgrades and patches for the software product must be under the control of the organization, not the third-party provider. This will assure that all parties remain clear of possible intellectual property (IP) violations.
- Customers must understand that support reinstatement penalties may apply if the vendor contract is canceled and a decision is made to prematurely return to the vendor for support services prior to fully executing its technology strategy. If applied, such penalties could result in having to pay as much as 150% to reinstate a support contract.

The typical exit strategy from third-party maintenance and support is to execute the next phase in the long-term technology strategy. The main paths are:

- Migrating to a future of the incumbent vendor's product, appropriately relicensing the new software and returning to mainstream product maintenance and support
- Migrating to a different vendor's product, procuring appropriate licenses and contracting for product maintenance and support

In either case, the organization must assure that budget is allocated in the time frame of the migration. The budget must include the expected license fees, the new product maintenance and support contract, and the development and implementation work required.

### Factors That Must Be Considered

A number of factors must be considered when embarking on a journey to use third-party application maintenance and support providers. The key impacts are listed in Figure 1, along with the recommendations relevant to each.

Figure 1. Impacts and Top Recommendations for Selecting Third-Party Application Maintenance and Support Providers

Impacts	Top Recommendations
Differences in the service providers' portfolios will require IT organizations to consider short- and long-term needs.	<ul style="list-style-type: none"> <li>Consider third-party application maintenance and support for a stable ERP environment. Minimize functionality, platform and infrastructure changes.</li> <li>Develop long-term technology product/service and contingency plans.</li> </ul>
Product coverage, capability and delivery methodology variations will require IT organizations to conduct detailed service provider reviews.	<ul style="list-style-type: none"> <li>Evaluate service vendors based on coverage and capabilities to support your specific ERP footprint.</li> <li>Focus reference checks on customers with similar products and versions, and in the same industry.</li> </ul>
Software publisher litigation against select application maintenance service providers will require IT organizations to perform assessments of additional risks.	<ul style="list-style-type: none"> <li>Review vendor documentation and software/service agreements with legal counsel to ensure compliance with IP protection requirements.</li> <li>Ensure that software contract language does not interfere with your right to use third parties for support services.</li> </ul>

Source: Gartner (April 2013)

## Impacts and Recommendations

Differences in the service providers' portfolios will require IT organizations to consider short- and long-term needs

Service providers that can deliver application maintenance and support vary significantly in the categories of IT services they deliver. We surveyed service providers that we commonly encounter



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in this market about specific IT services they offer. Table 1 presents an IT services line view of the providers.

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Table 1. Major Service Lines Delivered

Service Provider	Accenture	Ciber	Citagus	Hexaware	Rimini Street	RN-comptech	Spinnaker	Summit Technology
Application Consulting (Including Advisory Services)	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Application Implementation Services (Development, Integration or Customization)	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
IT Outsourcing								
Application Outsourcing Services	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Application Maintenance and Support Services (See Table 2)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Application Management Services — Operations, Production Support and Service Desk	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Infrastructure Outsourcing Services								
Application Hosting Services	Yes	Yes	Yes	No	No	No	No	Yes
<b>Key Partnerships and Alliances With Software Providers</b>	Oracle SAP	Infor Lawson Oracle SAP	Oracle Microsoft	Oracle SAP	None	Microsoft SAP (see Note 1)	None	Oracle
<b>Has Sources for Regulatory and Legal Policy Changes</b>	No	No	No	No	Yes	Yes	Yes	Yes (see Note 2)

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Note 1: Rncomptech are SAP prospecting partners (Rncomptech was formed in 2011 and needs three years of financials to become a SAP service partner)  
Note 2: Summit Technology has an alliance with Rimini Street for regulatory updates.

Source: Gartner (April 2013)

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The list of services we included frames our topic of application maintenance and support services. This is not an exhaustive list of IT services delivered in the market, and many of these providers have service capabilities beyond those shown here. For example, we did not include infrastructure outsourcing services or any of the categories of business outsourcing services.

Table 1 demonstrates the distinction between firms with a consulting and implementation heritage and those that specialize in providing legal and regulatory updates. Consulting and implementation service providers are typically partners with the software provider as we show in the table. This becomes a deciding factor if the long-term technology plan encompasses a migration to newer product or different vendors. Service providers that specialize in application maintenance, including regulatory and legal updates, typically have a front-end source of regulatory and legal policy changes. This becomes a deciding factor if your organization does not have a tax department or other source of policy changes.

Customers have always had the right to use third parties for implementation, provisioning metadata updates relating to tax, legal and regulatory changes, and post-implementation application maintenance services. These terms and conditions may appear in support contracts or statements of work or in the general support policy of the vendors that specifies delivery of services such as maintenance releases or regulatory updates.

### Why This Is Important

Customers typically start this journey looking for a replacement provision for regulatory updates when the software product goes beyond the extended support phase of the support policy, and the software publisher no longer provides changes required for regulatory compliance. Or they want to optimize costs by leveraging the current environment for an extended period of time. Depending on their long-term plans, customers should consider whether their service provider is to be engaged only for the interim solution, or whether they should consider providers with the capability to migrate or swap out the environment in the future.

### Recommendations:

- Develop a long-term technology product and service plan, linked to the ERP application strategy, which outlines interim phases of application maintenance and support and the end-state technology solution.
  - The plan should encompass the phase of third-party services and the end-plan events that take the environment to new product implementation.
  - The plan should outline the budget required to purchase or relicense software products in the future and the budget to migrate the environment.
- Develop contingency plans for alternative service providers to cover the impact of litigation, financial instability or the primary service provider's choice to begin delivering or discontinue specific services.
- Begin vetting and negotiating with vendors six to 12 months before the ERP product exits the extended support phase to meet the termination clauses in support contracts. This allows time



for the due diligence phase of selecting a third-party provider and a timely cancellation of the software publisher contract.

- Ensure that recent and future changes to software vendor license and support agreements and terms and conditions do not interfere with your right to retain and use third-party consultants for these purposes. Additionally, mandate the right to use third-party maintenance services when purchasing new licenses.

### Product coverage, capability and delivery methodology variations will require IT organizations to conduct detailed service provider reviews

Provisioning of application maintenance and support depends on the capability of the service provider and, more important, the specific ERP software product deployed in your environment. We compiled a list of software products we encounter in our discussions with end-user organizations. We asked service providers to list their service capabilities across our product list. The list of service capabilities included:

- Custom application (not commercial off-the-shelf) changes and enhancements
- Break/fix technical support for the ERP application product
- Break/fix technical support for the database on which the ERP application runs
- Break/fix technical support for the ERP payroll engine product
- Development and support of regulatory and legal updates (independent of software vendor)
- Deployment of packaged software — customizations, updates, upgrades and migrations

Since the focus of this Impact Appraisal is on technical support for the application and regulatory updates, we present only the responses on these factors. The results are shown in Table 2.

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Table 2. Technical Support and Regulatory Update Services by Software Product

Service Description	Infor Lawson	Oracle EBS	Oracle Fusion	Oracle JDE	Oracle People- Soft	Oracle Siebel	SAP R/3	SAP 4.6/4.7	SAP ECC6	Micro- soft CRM	Micro- soft BI
<b>Accenture</b>											
Break/Fix Technical Support (Application and Database)	Yes	Yes	Yes — Note 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Development and Support of Regulatory and Legal Updates (Independent of Software Vendor)	Yes	Yes — Note 2	Yes — Note 1	Yes — Note 2	Yes — Note 2	Yes — Note 2	Yes — Note 3	Yes — Note 3	Yes — Note 3	Yes — Note 9	Yes — Note 9
<b>Ciber</b>											
Break/Fix Technical Support (Application and Database)	Yes	Yes — Note 4	Yes — Notes 4 & 10	Yes — Note 4	Yes — Note 4	Yes — Note 4	Yes	Yes	No		
Development and Support of Regulatory and Legal Updates (Independent of Software Vendor)	Yes	No	No	No	Yes	No	Yes	Yes	No		
<b>Citagus</b>											
Break/Fix Technical Support (Application and Database)	No	Yes	Yes	No	Yes	No	No	No	No	Yes — Note 5	Yes — Note 5
Development and Support of Regulatory and Legal Updates (Inde-	No	Yes — Note 5	Yes — Note 5	No	Yes — Note 5	No	No	No	No	N/A	N/A

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pendent of Software Vendor)											
<b>Hexaware</b>											
Break/Fix Technical Support (Application and Database)	No	Yes	Yes — no DB	No	Yes	Yes — no DB	Yes	Yes	Yes		
Development and Support of Regulatory and Legal Updates (Independent of Software Vendor)	No	Yes — Note 6	No	No	Yes — Note 6	No	No	No	No		
<b>Rimini Street</b>											
Break/Fix Technical Support (Application and Database)	No	Yes — Note 7	No	Yes — Note 7	Yes — Note 7	Yes — Note 7	Yes — Note 7	Yes — Note 7	Yes — Note 7	No	No
Development and Support of Regulatory and Legal Updates (Independent of Software Vendor)	No	Yes	No	Yes	Yes	n/a	Yes	Yes	Yes	No	No
<b>RNcomp tech</b>											
Break/Fix Technical Support (Application and Database)	No	No	No	No	No	No	Yes	Yes	Yes		
Development and Support of Regulatory and Legal Updates (Independent of Software Vendor)	No	No	No	No	No	No	Yes	Yes	Yes		

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<b>Spinnaker</b>											
Break/Fix Technical Support (Application and Database)	No	No	No	Yes	No	No	Yes	Yes	Yes		
Development and Support of Regulatory and Legal Updates (Independent of Software Vendor)	No	No	No	Yes	No	No	Yes	Yes	Yes		
<b>Summit Technology</b>											
Break/Fix Technical Support (Application and Database)	No	No	No	No	Yes	No	No	No	No		
Development and Support of Regulatory and Legal Updates (Independent of Software Vendor)	No	No	No	No	Yes — Note 8	No	No	No	No		
<p>Note 1: Although Accenture has implemented Fusion and provided postproduction support, the product is not yet mature enough to demand application management services.</p> <p>Note 2: Oracle generally handles regulatory or legal updates to its products, and Accenture frequently supports the implementation under the application management contract.</p> <p>Note 3: SAP generally handles regulatory or legal updates to its products, and Accenture frequently supports the implementation under the application management contract.</p> <p>Note 4: Ciber usually requires maintenance and support to be current with software vendor.</p> <p>Note 5: Citagius recommends an application management services contract from the software vendor but will apply and support the vendor software updates.</p> <p>Note 6: Hexaware helps customers apply the tax updates and regulatory updates provided by Oracle.</p> <p>Note 7: Rimini Street provides support for the Oracle Database (and related Oracle technology and middleware products) in conjunction with this application.</p> <p>Note 8: Summit Technology partners with Rimini Street for regulatory and legal updates.</p> <p>Note 9: Microsoft generally handles regulatory or legal updates to its products, and Accenture frequently support the implementation under the application management contract.</p> <p>Note 10: Oracle generally handles regulatory or legal updates to its products, and Ciber frequently supports the implementation under the application management contract.</p>											

Source: Gartner (April 2013)

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At the top level, service coverage for specific ERP products is binary — either the service provider includes that product in its portfolio or it doesn't. Technical support is also straightforward and varies most often according to whether it can provide support for break/fix issues and the underlying database product. Technical support for specific payroll engines is another factor that streamlines the potential provider choices to the few that have the appropriate capabilities.

Provisioning of regulatory updates has quite a few variations across the product set and service provider. Vendor-specific variations are explained in the notes below the table. The major variation in the provision of regulatory updates takes two methods:

- Generally, professional services firms create changes required for regulatory compliance on an ad hoc basis as a discrete project or as a deliverable in an application management services contract. Typically they depend on the customer to have a source of policy changes, such as a tax department. The consultant then creates the update for the application as update requests are submitted.
- Specialty third-party providers create regulatory compliance updates for their customers on a regular schedule. Typically they have a source of regulatory and legal policy changes. They determine what specific update the customer needs and produce application updates unique to the customer environment according to a schedule.

Refer to Table 1 for service providers that have an external source for developing regulatory and legal updates.

#### Why This Is Important

There are many variations in the scope, complexity, level of customization and deployment of customer ERP environments. Table 2 shows that service providers' capabilities vary significantly for providing technical support and specifically for the provision of regulatory and legal updates. Use Table 2 to generate a shortlist of providers that have capabilities for specific products, but detailed due diligence is needed to match the requirements of the customer environment with the capabilities of potential service providers. It is imperative that customer requirements are well-documented and conveyed to the prospective providers. This can be accomplished through application of the normal RFP/request for information (RFI) process used for other IT work.

#### Recommendations:

- Document all software used in your specific ERP environment, software configurations and customizations and other software products that interface with the ERP product. Detail the specific regulatory changes that are required for your particular business. Engage prospective providers in the RFP/RFI process using this information.
- Ask prospective service providers to provide an analysis of the resources they have with expertise in your specific ERP product environment. Ascertain how many employees they have, their level of experience and the location of the resources.



- Ask prospective service providers to provide a list of customer references that have been using the provider's services for 12 to 18 months. Preferably, the customer should be using the same versions of products and be working in the same vertical industry as your company.
- Ask prospective service providers for documentation of their complete tax and regulatory update process, including sourcing, verification, development and delivery. Assess any related process certifications or standards adhered to, for example, ISO certifications.

### Software publisher litigation against select application maintenance service providers will require IT organizations to perform assessments of additional risks

Delivery of consulting or support services requires the service provider to work with the IP of software vendors. Provisioning of third-party application maintenance and support services has the same requirement. Additionally, the service provider is providing application maintenance that is comparable to what the software vendor provides for mainstream support, or provided before the product went to sustaining support. Third-party application maintenance and support providers differ in two key ways from other providers of services for proprietary software:

- Third-party services compete against exclusive services delivered by a software vendor and are often priced significantly lower than the vendor's service offering.
- Third parties handle the IP of the software vendor on their customers' behalf.

Since the inception of packaged software products, third parties have provided implementation, development and support services for the software products and the hardware they run on. While performing these services, the provider must assure that they are not copying or misusing the IP of the software vendor. The issue behind these legal actions is how service providers manage and use IP on behalf of the customer that is entitled to the IP. Examples of litigation in progress against third-party application maintenance and support providers that highlight this are:

- Oracle March 2007 litigation against TomorrowNow (a former subsidiary of SAP); currently being appealed by SAP.
- Oracle January 2012 litigation against Rimini Street; trial date not set.
- Oracle September 2012 litigation against Cedar Crestone; trial date not set.

Gartner has written about each of these cases (see [Recommended Reading](#)). The legal actions between the software vendor and third-party service providers are likely to take a long time to work through the courts and may lead to any of several scenarios. In the meantime, customers have many options regarding application maintenance and support services and can choose from a number of partner or independent third-party service providers. Additionally, the software provider always remains as a source of software product maintenance and support. We also reiterate that not all providers of third-party application maintenance services are in litigation.



### Why This Is Important

Litigation between IT technology and service providers is one of many risks to the long-term health and stability of the companies involved. Other risks that face technology and service providers is financial viability, the customer experience, obsolescence of technology and/or standards, mergers and acquisitions and decisions to exit a particular market as a business strategy. The uncertainty of a litigation outcome makes it difficult to plan for and depend on the availability of solutions or services needed in the long term. The number of service providers that can deliver application maintenance services for an ERP environment is an essential factor in your sourcing evaluation. Additional factors, such as financial stability, depth of resources and litigation, must be considered in your evaluation (see "Gartner's Simple Vendor Risk Management Framework").

### Recommendations:

Customers should examine their practices regarding how they work with all third-party providers and access the software vendor's IP and the vendor's software license and support contract terms and conditions to ensure they do not contravene. Typically, this would include downloading patches, software updates and support materials that they may be currently entitled to while they still have a software vendor support and maintenance agreement in place.

- Review all vendor documentation for vendor IP protection requirements with legal counsel. Ensure that all downloads of vendor software or other IP are conducted within the terms of the software license agreement when working with third-party consulting or support vendors.
- Review software license and support contracts with legal counsel to ensure compliance with IP protection requirements and specifically in areas such as product downloads and the use of third parties for support services. Seek outside counsel as needed to augment internal capabilities!

### Current customers of service providers in litigation:

- Monitor communications from the vendor and Gartner regarding legal actions that may interfere with the provider's ability to deliver services or require it to change the way it delivers services.
- Develop contingency plans now to cover the impact of litigation, financial instability or the vendor's strategy to deliver specific services. Update plans based on specific court actions.

### Customers that are considering a service provider in litigation:

- Review support contracts with legal counsel to ensure compliance (in areas such as product downloads and the use of third parties for support services).
- Review all vendor documentation for vendor IP protection requirements. Ensure that all downloads of vendor software or IP are conducted within the terms of the software license agreement when working with third-party consulting or support vendors.
- If engaging an initial assessment request for RFP/RFI process, determine your ability to manage the increased level of risk associated with a supplier that has a legal action pending. Such an action could impact its provision of services. Ensure you have a termination article in the

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contract that specifically identifies legal judgments as cause for termination (see "Toolkit: Outsourcing Contract Term and Termination Article").

- Negotiate sufficient indemnification clauses in RFP/RFIs and contracts to mitigate IP and other liability risks against service recipients. For additional advice, see "Toolkit: Outsourcing Contract Indemnification Article."

Additional research contribution and review: Nigel Rayner

## Recommended Reading

*Some documents may not be available as part of your current Gartner subscription.*

"Gartner's Simple Vendor Risk Management Framework"

"Oracle/CedarCrestone Dispute May Limit Application Maintenance Choices"

"Implications to Rimini Street Customers From SAP/TomorrowNow Jury Award to Oracle"

"SAP R/3 Customers Search for Third-Party Support Options"

"Rimini Street Responds to Oracle Complaint and Files Countersuit"

## Evidence

<sup>1</sup> Gartner's inquiries about third-party application maintenance and support providers frequently begin with the customer stating that they are investigating third-party providers, because they do not see future versions of the product that provide sufficient business value worth the investment to continue paying for vendor-provided maintenance and support and do the work required to continuously advance to new product versions. Most often, their strategy is to leverage the investment they have already made in a version of ERP for an extended period of time.

<sup>2</sup> Briefings from third-party application maintenance and support providers and Gartner inquiries with their customers and interviews conducted with reference customers consistently reveal that the typical selling price for services that include software break/fix and scheduled regulatory updates is about 50% of what the software publisher is currently charging the customer for product maintenance and support services. This selling price may be discounted on some occasions.

## More on This Topic

This is part of an in-depth collection of research. See the collection:

- Life Cycle Guide to ERP Research, Update 2013



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